

EXHIBIT 3

Deposition of Carlos E. Gaztambide

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

UNITED STATES OF AMERICA :
: Plaintiff :
: :
v. : CIVIL NO. 98-1664 (CCC)
: CIVIL NO. 98-2344 (CCC)
33,92536 ACRES OF LAND, MORE :
OR LESS, SITUATED IN VEGA BAJA, :
COMMONWEALTH OF PUERTO RICO, :
AND JUAN PIZA BLONDET, AND :
UNKNOWN OWNERS :
: Defendants :
: :

DEPOSITION OF:

CARLOS E. GAZTAMBIDE

was taken on April 5, 2006 at the offices of CARLOS
GAZTAMBIDE & ASSOCIATES, Banco Popular Center, Suite
1515, 208 Muñoz Rivera Avenue, Hato Rey, Puerto Rico,
commencing at 9:40 a.m.

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1 Q So your finding of legal permissibility is
 2 based on this information plus your understanding of the
 3 historical granting of permits on property that Mr. Piza
 4 owns in Vega Baja?

5 A Primarily.

6 Q And some of those documents are contained in
 7 your work file, is that correct?

8 A Yes.

9 Q Did you speak to anybody at the Department of
 10 Natural Resources about the permitting process for sand
 11 extraction?

12 A I did not. What I don't know is either Dr.
 13 Joyce or Juan checked that.

14 Q Did you rely on Dr. Joyce to provide you with
 15 information that you used in making your legal
 16 permissibility determination?

17 A I don't think so. Again, I say I base it
 18 primarily on, on historical data.

19 Q As of the date of taking, were there any
 20 permits for extracting sand on the 33 acres parcel?

21 A No.

22 Q Were you aware, are you aware of whether there
 23 were any permits that had been applied for sand
 24 extraction on the subject property as of the date of

1 making your determination about physical possibility?

2 A Can you restate it. I lost my --

3 MR. P.E. HARRISON: And I want to enter an
 4 objection so, you know --

5 THE DEPONENT: Go ahead.

6 MR. P.E. HARRISON: Objection. Asked and
 7 answered. You got what he did, he relied upon the
 8 report so, okay.

9 MR. TAPICK: Are you instructing him not
 10 answer or --

11 MR. P.E. HARRISON: No, no, he can answer.

12 EXAMINATION CONTINUED

13 BY MR. TAPICK:

14 Q And do you need me to repeat the question?

15 A Yes, please.

16 Q My first question was about the quality of the
 17 sand, I believe and the question is, did you do any
 18 independent investigation or rely on anybody else to
 19 determine the quality of sand?

20 A No, no. This why I recommended that Dr. Joyce
 21 be retained and I relied on his expertise.

22 Q So you did not rely on past, past documents or
 23 documents of past sand extraction or sale in making your
 24 physical possibility determination --

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1 taking?

2 A I'm not aware.

3 Q And in your report at no point do you make the
 4 conclusion that it's reasonably probable that such
 5 permits would be issued, is that correct?

6 A That's correct.

7 Q Now, turning to the question of physical
 8 possibility, you say that, "The potential for sand
 9 extraction has been determined in the accompanying
 10 report by Dr. James Joyce."

11 A Uh-huh.

12 Q Correct? So you based your physical
 13 possibility determination on Dr. Joyce's report?

14 A Yes.

15 Q Okay. Did you do any independent
 16 investigation or talk to anyone else about how much sand
 17 is on the site?

18 A No. I relied on his report.

19 Q Did you do any independent investigation or
 20 rely on anybody else to determine the quality of the
 21 sand on that site?

A No, I relied on his report.

23 Q So you didn't rely on any past or historical
 24 sale of sand on the property, on the property in, in

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1 A No.

2 Q -- is that correct? Okay. Now, turning to
 3 the question of financial feasibility you state that,
 4 "The demand for sand in Puerto Rico is fueled by the
 5 construction industry." On Page 24. Is that correct?

6 A That's correct.

7 Q So you go on to say that, "It is reasonable to
 8 anticipate the financial feasibility of such an
 9 extraction operation.", correct?

10 A Yes.

11 Q Okay. Now, is the silica sand that Dr. Joyce
 12 describes as being present on the property used in the
 13 construction industry?

14 A No, it's used in the industries. It's where I
 15 mention, "The sand of the character at the subject has
 16 strong demand for industrial production."

17 Q Who is interested in purchasing this sand,
 18 purchasing this sand?

19 A Owens Illinois.

20 Q For what purpose?

21 A They, they have, there's a factory out in Vega
 22 Baja, very close, relatively close to the subject, that
 23 silica sand is a, a primary of raw material for their
 24 production of glass.